ELK RIVER MUNICIPAL UTILITIES
REGULAR MEETING OF THE UTILITIES COMMISSION
HELD AT THE UTILITIES CONFERENCE ROOM

May 13, 2025

Members Present:	Chair John Dietz, Vice Chair Mary Stewart, Commissioners Matt Westgaard, and Nick Zerwas
ERMU Staff Present:	Mark Hanson, General Manager Sara Youngs, Administrations Director Melissa Karpinski, Finance Manager Tony Mauren, Governance & Communications Manager Tom Geiser, Operations Director Chris Sumstad, Electric Superintendent Mike Tietz, Technical Services Superintendent Dave Ninow, Water Superintendent Jenny Foss, Communications & Administrative Coordinator Megan Zachman, Human Resources Generalist
Others Present:	Jared Shepherd, Attorney; Cal Portner, City Administrator; Owen Westberg, ERMU Scholarship Winner; Andrew Madson, ERMU Scholarship Winner

1.0 GOVERNANCE

1.1 Call Meeting to Order

The regular meeting of the Utilities Commission was called to order at 3:30 p.m. by Chair Dietz.

1.2 Pledge of Allegiance

The Pledge of Allegiance was recited.

1.3 Consider the Agenda

Moved by Commissioner Stewart and seconded by Commissioner Westgaard to approve the May 13, 2025, agenda. Motion carried 4-0.

1.4 Recognition of Employee Longevity – Scott Thoreson, 32 Years

Mr. Sumstad presented Mr. Thoreson to be recognized for 32 years of employment with ERMU, with 5 years in his current role as line crew foreperson. Mr. Sumstad explained that Mr. Thoreson was the company's current longest serving staff member, has seen the service territory grow significantly, and is active in mentoring and teaching peers in the utilities. Mr. Sumstad noted that Mr. Thoreson oversees ten lineworkers who have collective experience of 60 years.

Mr. Thoreson thanked the Commission and shared that his time has been wonderful and that he is proud to be part of ERMU. There was a round of applause.

1.5 **ERMU Scholarship**

Elk River High School Students Andrew Madson and Owen Westberg were presented to the Commission, sharing their appreciation for the scholarship and their plans for the future. Mr. Madson will attend Dakota County Technical College to pursue a career in linework, and Mr. Westberg is attending Texas A&M University to study engineering. The Commission congratulated the students.

2.0 CONSENT AGENDA (Approved By One Motion)

Moved by Commissioner Westgaard and seconded by Commissioner Zerwas to approve the Consent Agenda as follows:

2.1 Check Register – April 2025
2.2 Regular Meeting Minutes – April 8, 2025
2.3 Policy Update - Utilities Performance Metric Incentive Compensation
2.4 2025 First Quarter Utilities Performance Metrics Scorecard Statistics
2.5 2025 First Quarter Delinquent Items
2.6 Governance Agenda Update

Motion carried 4-0.

3.0 OPEN FORUM

No one appeared for open forum.

4.0 POLICY & COMPLIANCE

4.1 **Commission Policy Review – G.4b – Information and Support to the Commission**

Mr. Mauren presented the policy for commission review with no recommended changes from staff. Chair Dietz questioned if the negative phrasing "The General Manager shall not permit the Commission to be uninformed or unsupported in its work", could be more easily stated by framing it in positive language (i.e. "The General Manager shall ensure that the Commission is informed and supported in its work"). Mr. Shepherd shared that he had no issue with framing the policy with positive language.

Moved by Commissioner Zerwas and seconded by Commissioner Stewart to approve the recommended language changes. Motion carried 4-0.

4.2 **ERMU Commission Eligibility Requirements**

Mr. Hanson presented his memo requesting that commissioners approve eligibility requirements for the utilities commission that would then be recommended for adoption into ordinance by the City Council. Commissioners were agreeable to the presented terms:

- All Commissioners shall be ERMU customers,
- Up to two commissioners may be City of Elk River Councilmembers,
- At least one, preferably two, commissioner(s) shall be ERMU water customers, and
- Up to one commissioner may live outside of Elk River city limits.

Commissioner Stewart supported the addition of the word "and" before the last term so it was clear that the previous requirements, in particular active customer status, apply throughout the terms.

Chair Dietz noted that the Commission application should ask whether individuals applying for the Commission are water customers. Mr. Hanson said he would work with city staff to ensure it was done.

5.0 BUSINESS ACTION

5.1 **Financial Report – March 2025**

A presentation of the March 2025 financials was provided by Ms. Karpinski. There was discussion.

Ms. Karpinski explained that due to government accounting standards the accounts receivable line on the combined balance sheet has to recognize funds from infrastructure attachment leases for the life of the agreement, which is 25 years.

Ms. Karpinski corrected her memo, stating that March year to date electric kWh sales are actually up 6% not the published 3%.

In staff's presentation the Electric Usage Sales chart shows higher sales in January 2025 compared to the previous four years. It was discovered that the January 2025 bill cycle had 35 days versus a more typical period of 28 days.

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to receive the March 2025 Financial Report. Motion carried 4-0.

5.2 **Advanced Metering Infrastructure Update**

Mr. Tietz updated the Commission on meter replacement progress, noting that the sub-contractor Allegiant Utilities Services completed their work on the project and that the remining work would be performed by ERMU staff.

In response to a question from the Commission, Mr. Tietz estimated that there were approximately 358 water meters (285 residential, 73 commercial) remaining to be replaced, adding that staff has had varying customer responsiveness in their outreach efforts.

There was discussion on the opt-out process, the associated fee, and the requirement for a manual meter read. Staff confirmed that even when customers opt out of the remote meter reading function, they will still need their meter replaced. Staff confirmed that an opt-out letter detailing responsibilities and fee conditions will be finalized for customer distribution. Staff stated they would have legal counsel review the opt-out letter.

Mr. Tietz shared that with the project nearing completion all future updates will appear within his staff update.

5.3 **ERMU Power Plant Update**

Mr. Hanson presented the update and recapped the previous discussion at the March 2025 meeting with the architect LEO A DALY, stating cost estimates ranged between $5.5 and $8.5 million to turn the plant into a history education center. He added that the Commission considered that amount too high even with the potential funding offsets presented. At the meeting staff recommended pausing history center design and funding efforts to focus on asset disposition, in particular, future plans for the external diesel fuel tanks, the recloser and transformer, and three of the four engines in case one could be used for a future history center.

Mr. Hanson explained that municipal utilities in Glencoe and Janesville Minnesota have expressed interest in the external diesel tanks. Due to the cost to transport and rehabilitate the tanks for the buyer, staff was proposing a fee of approximately $500 for each of the two tanks and approximately $0.10/gallon, or $1,000, for the diesel within them. He added that ERMU's power provider, Minnesota Municipal Power Agency, is interested in purchasing the plant's transformer and recloser with that equipment to be sold at its net book value. Plans for sale of the engines are still in development.

Legal counsel advised staff on the terms of these sales, informing them that based on the asset value and because they were transactions between municipalities, they met regulations for the sale of public property.

Staff explained there are minor ongoing costs in maintaining the temperature of the building to ensure plumbing and engine lines do not freeze.

Commissioner Stewart expressed appreciation for the opportunity to enter into a mutually beneficial agreement with another municipal utility. She also recommended that staff establish some form of a deadline on the recloser and transformer sale as their value could decline over time.

Mr. Shepherd requested that staff bring back agreements on sales for commission approval.

There was Commission consensus to pursue staff's existing plans for asset disposition as well as pausing action on developing a history education center at least until the assets have been removed. The Commission emphasized the desire to remain cost neutral and to ensure that any additional removal charges such as tearing down and restoring walls for engine removal are fully covered by the purchasing entity.

6.0 BUSINESS DISCUSSION

6.1 Staff Updates

Mr. Hanson shared his appreciation for being able to attend the American Public Power Association's Cost of Service and Rate Design training in preparation for the rate study to be performed later in the year.

Following up the discussion on electric vehicle (EV) chargers at the April Commission meeting, Ms. Youngs informed the Commission that representatives at Rockwoods Restaurant were not interested in taking over management of the EV charger which had been installed in their parking lot through a program with the Minnesota Municipal Power Agency. This will require ERMU to remove it. She added that later in the month the Downtown Elk River Business Association plans to discuss their interest in taking over the downtown charger. If they are not interested that unit will also need to be removed by ERMU. Ms. Youngs explained that she had extended ERMU's contract with the EV charger company for the city hall charger in order to continue to service ERMU's EV. The term of the contract is three years. There was discussion about future uses of the infrastructure that was installed for the chargers. There was consensus that the Commission no longer needed Ms. Youngs to do a monthly charging recap in her staff update.

Mr. Mauren informed the Commission that the next meeting was in three weeks, as it had been moved up to ensure a quorum with three commissioners attending a conference during the normal meeting time. Ms. Karpinski added that due to the meeting being moved up some graphs will not be able to be presented at the meeting.

6.2 City Council Update

Chair Dietz provided a City Council Update.

6.3 **Future Planning**

Chair Dietz announced the following:

a. Regular Commission Meeting – June 3, 2025
b. 2025 Governance Agenda

6.4 **Other Business**

There was no other business.

7.0 CLOSED SESSION

Moved by Commissioner Zerwas and seconded by Commissioner Westgaard to close the regular commission meeting pursuant to Minn. Stat. § 13D.05, subd. 3(a) for the performance evaluation of Mark Hanson, ERMU General Manager, at 4:38 p.m. Motion carried 4-0.

The Commission evaluated the performance of General Manager Mark Hanson which is to be summarized in the June regular commission meeting packet.

Moved by Commissioner Zerwas and seconded by Commissioner Stewart to close the closed meeting, and re-open the regular meeting of the Elk River Municipal Utilities Commission at 6:04 p.m. Motion carried 4-0.

8.0 ADJOURN REGULAR MEETING

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to adjourn the regular meeting of the Elk River Municipal Utilities Commission at 6:05 p.m. Motion carried 4-0.

Minutes prepared by Tony Mauren.

John J. Dietz, ERMU Commission Chair

Tina Allard, City Clerk